

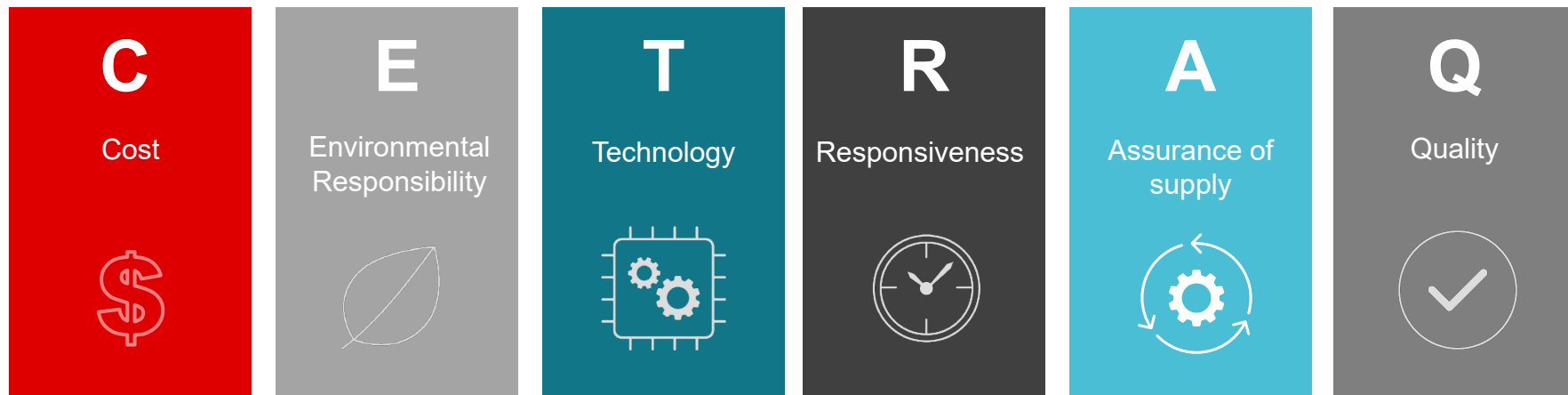
CETRAQ | Supplier performance expectations

Insert date

TI Information – Selective Disclosure

Supplier performance expectations

TI will select & retain suppliers based on their ability to provide TI with a sustained competitive advantage in the areas of **C E T R A Q** :



What is CETRAQ?

- The framework for Worldwide Procurement & Logistics (WPL) teams to:
 - Create procurement strategies
 - Award business
 - Manage and develop suppliers
 - Communicate with critical suppliers
 - Communicate within TI about critical suppliers
- A complete list of performance requirements for TI critical suppliers
- A process for continuous improvement and customer satisfaction

How do we use the CETRAQ methodology?

- For new suppliers, CETRAQ clearly states TI's performance expectations
- For existing critical suppliers, CETRAQ metrics show their ranking in relationship to other suppliers and identifies areas for improvement
- To communicate consistent measurements that relay honest feedback on performance
- TI expects critical suppliers to work with WPL teams to find out how the process applies to them and what steps are needed to customize the scorecard requirements for their specific commodity



COST

Objectives

TI expects to be the best by:

- Minimizing costs
- Paying the most competitive price worldwide
- Working closely with suppliers to be their preferred customer

TI expects its suppliers to:

- Make available high quality, low cost-of-ownership products and services on a worldwide basis
- Have continuous price reductions through process improvements
- Provide two-way feedback on opportunities for continuous improvement
- Promote leadership toward standardization



ENVIRONMENTAL RESPONSIBILITY

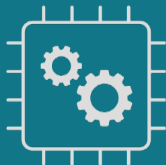
Objectives

Support TI's needs by ensuring resource effectiveness and enhanced quality of life for customers and employees through:

- Environmental sustainability
- Reduction programs for pollution, hazardous materials and water
- Social and environmental responsibility
- Community stewardship
- Business ethics

TI expects its suppliers to:

- Have an Environmental, Safety & Health (ESH) policy endorsed by management
- Require the same level of ESH performance from contractors working at TI sites as from its own employees
- Incorporate programs to maintain Responsible Business Alliance (RBA) compliance
- Maintain supplier diversity programs for US-sourced goods and services



TECHNOLOGY

Objectives

- Meet end-customer requirements by delivering innovative semiconductor technologies
- Suppliers will work closely with TI to ensure it delivers new technologies on time, every time and that TI meets end-customer requirements

TI expects its suppliers to:

- Collaborate closely with TI in identifying and sharing the best technologies
- Synchronize technology roadmaps
- Share industry best practices
- Collaborate with TI on joint development programs
- Allow TI to participate on design and development requirements
- Provide the highest quality and applications support

C E T R A Q | Responsiveness



RESPONSIVENESS

Objectives

- Deliver unsurpassed customer support
- Provide superior technical solutions
- Foster collaboration
- Flawlessly execute

TI expects its suppliers to:

- Understand TI's expectations and commit to them
- Provide the same excellent support globally
- Be easy to do business with
- Promptly respond to TI inquiries
- Be flexible to accommodate changes

C E T R A Q | Assurance of supply



ASSURANCE OF SUPPLY

Objectives

- Always meet order fulfillment commitments
- On-time delivery of materials, equipment and services
- Flawless execution to project schedules, process implementations, startups and ramps
- Zero manufacturing and operations disruptions

TI expects its suppliers to:

- Meet delivery commitments
- Continually reduce lead times
- Build in flexible delivery capabilities
- Ensure capacity and flexibility for orders
- Provide consignment inventory
- Have contingency plans



QUALITY

Objectives

- Ensure that TI products meet customer expectations – quality, delivery and value
- No interruptions to supply
- Zero supplier quality issues

TI expects suppliers to:

- Ensure timely delivery of quality materials
- Ensure TI meets customer expectations
- Provide TI with immediate corrective actions when quality problems arise
- Notify TI of any changes that affect quality or reliability of supplied materials